TECK

TECK CORPORATION LIMITED - 1975

CONTENTS

President's Report 2
New Production 5
Current Operations 11
Finance 15
Table of Holdings 16
Historical Production 25
Directors and Officers 27
Map 28

The annual meeting of Shareholders will be held in the Alberta Room, Royal York Hotel, Toronto, Ontario on Tuesday, February 17, 1976 at 2:30 p.m. (Toronto time).

HIGHLIGHTS

- Newfoundland zinc mine placed into production in 1975 on budget and on schedule
- Niobec columbium mine on schedule for completion early in 1976
- Copper smelter to be built in conjunction with Afton mine in British Columbia

Report to the Shareholders

1975 was a year of accomplishment for Teck Corporation. Significant progress was made in developing three new mines and planning for western Canada's first modern copper smelter. The combined capital investment required for these projects, all of which are being managed by Teck, is estimated to be $116,000,000.

This was accomplished at a time when Canadian mining in general was in the doldrums as a result of excessive taxes, escalating costs, and weakening international markets for many of this country's mineral products. That this challenge was met is a tribute to those in our organization who conceived the projects and carried out the extensive engineering and financial negotiations.

THREE NEW MINES

The first to reach production was the new $18,000,000 zinc mine in Newfoundland. This was completed on budget and ahead of schedule, with the first regular concentrate output in July, 12 months after construction started. To the end of September concentrate containing 14,300,000 pounds of zinc was produced from this new mine.

Construction proceeds satisfactorily on the Niobec columbium mine, another $18,000,000 project scheduled for completion early in 1976. This is a joint venture of the Teck Group and Soquem, a Quebec Crown corporation, and provides an excellent example of productive co-operation between the public and private sectors of the economy, in sharp contrast to the collision course sometimes encountered elsewhere.

The decision to proceed with a new copper mining and smelting facility on the Afton property in British Columbia was made in October, shortly after the fiscal year end. This $80,000,000 venture is our largest single undertaking to date. It will further diversify and strengthen the operating base of the company.

EARNINGS

Ordinary earnings of 36¢ per share were down from the record of 62¢ established last year. The major factor in the reduction was increased provision for royalties and taxes payable to provincial and federal governments, as well as inflation of costs.

An increase in earnings is anticipated next year, reflecting a full year's contribution from Newfoundland Zinc, increased natural gas production, initial production of Niobec columbium, and perhaps some improvement in after-royalty revenue from oil production. The outlook for our gold and silver operations is not as encouraging, because price increases have failed to keep up with escalation in production costs.

ECONOMIC CLIMATE

The decision to proceed with our current expansion programme, despite difficult economic conditions facing the Canadian mining industry, was based upon the conviction that the situation must improve. Mining is too important to the country's economy for anything else to be the case.

Mining is responsible for 12% of our Gross National Product. With 80% of the metal output available for export, it accounts for about 25% of Canada's total export earnings. Without this contribution to our balance of payments, the value of the Canadian dollar would be substantially less and the standard of living of all Canadians substantially lower.

Mining should not be considered merely as continued production from existing operations. Since all mines eventually run out of ore, exploration is essential to find and develop new mineral deposits in Canada. New mines must be created even to maintain the present level of production, let alone grow beyond that.

The industry's current problems arise primarily from excessive taxes and royalties, inflation of costs, and weak markets. As to the latter, demand and prices for most metals have always fluctuated, and industry takes this into account in normal business planning.

Cost increases in Canada have outstripped productivity gains in recent years, more so than in other countries competing with us in international markets. It is to be hoped that the federal government's recent controls programme will reverse this trend.

TAXATION

Canadian resource development, both in mining and petroleum, has been severely affected by a constitutional battle between governments over their shares of resource taxation. The impact has varied from province to province, but in all cases the result has been a significant increase in the total tax load on the industry, in some cases approaching confiscation of earnings.

Faced with these problems it has been difficult for companies to raise the capital necessary to develop new mines. Even when able to do so, it has been equally difficult for them to gather the courage to proceed. The result has been several years of stagnation in the industry and a consequent loss of momentum.

In our view these realities and the importance of re-establishing confidence in the industry are beginning to be realized by most governments. This should be reflected in moves to resolve the jurisdictional disputes and develop an overall mining taxation system which is both more equitable and efficient.

FUTURE DEVELOPMENT

Although our current expansion programme is substantial, it is necessary for a natural resource producer to look continually for new projects which can be developed in the future. Possibilities presently available in this respect include several copper-molybdenum deposits in which Teck holds an interest, and important coking coal reserves in the Sukunka River area of British Columbia. A portion of the coal reserves is under option to another company which has until next July to elect whether to place it into production or return it to the Teck Group.

Alternatively, our next project may result from our active petroleum and mining exploration programmes. These continue to be concentrated in Canada, although we are exploring for oil in England and are beginning to place more emphasis on mineral exploration in the United States, a country in which the climate for exploration and development is more positive.

Two years ago our annual report contained a pictorial feature on people, the lifeblood of any company. This year the emphasis is on construction, illustrating where and how the shareholders' funds are being invested, but it is still people who bring about this progress, and we would like to close as we began this report by expressing our appreciation of the initiative and hard work of the superb team of individuals which makes up the Teck organization.

On behalf of the Board,

N.B. Keevil, President

Vancouver, B.C.
December 1, 1975

Rt. Honourable Roland Michener

W. H. Bowles
A. R. Keevil

D. L. Hiebert
R. E. Hallbauer
N. B. Keevil Jr.

NEW PRODUCTION

Canada's natural resources industry should not be thought of just as continued production from existing mines and petroleum fields. It is essential that the industry continue to explore for and develop new deposits to replace those that are depleted. This is so – even if the country's resource producing capacity is to stand still, let alone grow.

NEW MINES

During the year the company's mine development team was engaged in three new mining projects. One of these (Newfoundland Zinc) was completed and is now in production. A second (Niobec) is progressing and should reach production early in 1976. Engineering, financing and marketing arrangements for a third (Afton) reached the stage at which a production commitment could be made and initial equipment orders placed. On-site construction is scheduled to begin in the spring of 1976.

In addition Teck has interests in a number of other deposits which are being considered for future development, and is carrying out basic exploration for mineral deposits in Canada and abroad.

COMPLETED

NEWFOUNDLAND ZINC MINE

Capital cost	$18,000,000
Annual capacity (lbs. zinc)	80,000,000
Mill capacity (tons/day)	1,500
Output (concentrate)	62% zinc
Construction start	June 1974
Completion	July 1975
Teck equity	63.4%

The Newfoundland Zinc mine was brought into production in July 1975, after 12 months of construction at a cost of $18,000,000. Teck Corporation, which managed construction and operates the mine, has an equity of 63.4%, the remaining interest being held by Amax Zinc (Newfoundland) Ltd.

The mine is located 6 miles northeast of Daniel's Harbour, a coastal village in the Great Northern Peninsula of northwestern Newfoundland. Concentrate shipping facilities are located at Hawkes Bay, a port 40 miles to the north.

The ore consists of sphalerite, a zinc sulphide mineral, disseminated within a brecciated dolomitic limestone. Most of the mineralization outlined to date occurs in the "L" Zone, which will be mined principally through trackless underground mining methods. Access is through a declined tunnel with an average slope of 9 per cent.

Several small satellite orebodies occur in the vicinity and are mineable by open pit methods. These are expected to provide the bulk of the mill feed during the first six months of operation, pending completion of underground development.

Milling is by conventional flotation methods, and results in a premium grade concentrate containing 62% zinc.

Concentrate is shipped by truck to Hawkes Bay and is then moved by ocean vessel to zinc refineries. Teck's 63.4% share of the concentrate is sold to Noranda Sales Ltd. for refining in Canada. Sales are based upon the European Producers' Price for zinc metal, which at the end of the fiscal year was equivalent to 37¢ per pound, less refining charges. Production statistics for the initial three months of operation to September 30th were:

Tonnage milled	129,734
Mill head grade	6.3% zinc
Recovery	92.6%
Concentrate tonnage	11,370
Concentrate grade	63.2%
Zinc production (pounds)	14,358,000

Ore reserves outlined to date consist of 4,500,000 tons grading 8.8% zinc, after allowing for dilution. The open pit ore is generally lower grade, which accounts for the production of a lower than average grade during the first quarter of operation.

The only significant problem encountered during development has been ground water. The surrounding rocks are fractured and considerable water has to be handled, both underground and in the pits. Initial operating experience shows that this can be accomplished with the designed pumping capacity.

The first shipload of concentrate left Hawkes Bay on September 12th and ships have been chartered to ensure that concentrate inventory will be at minimum when the shipping season closes in December.

UNDER CONSTRUCTION

NIOBEC COLUMBIUM MINE

Capital cost (estimated)	$18,000,000
Annual capacity (lbs. Cb_2O_5)	5,500,000
Mill capacity (tons/day)	1,500
Output (concentrate)	60% Cb_2O_5
Construction start	April 1974
Completion (estimated)	March 1976
Teck equity (net)	32%

Construction on the Niobec columbium project started in the spring of 1974 with a projected completion date of early 1976. Mine development and mill construction have proceeded satisfactorily, and it is expected that production will begin on schedule.

The project is a joint venture of Teck Corporation (25%), Copperfields Mining Corporation, a Teck associate (25%), and Soquem, a Quebec Crown corporation (50%). A new company, Niobec Inc. was formed to hold the joint venture interests. Teck is manager of both the construction and operating phases.

The mine is located 2 miles west of St. Honoré, Quebec, and 7 miles north of Chicoutimi.

Access to the mine is by means of a 950 foot vertical shaft. Mining will be carried out from three levels using large diameter blasthole methods. Load-haul-dump units will move ore from stopes to an underground crushing system.

Milling will involve several stages of flotation followed by acid leaching. The concentrate, assaying approximately 60% columbium oxide, will then be shipped to customers in Europe, Japan and North America under long term contracts.

Columbium, also known as niobium, is used primarily as an alloying agent in steels. It has particular application in pipelines and in certain construction steels in which a high strength to weight ratio is important. Columbium also has potentially important applications in the field of extremely low temperature electrical engineering and considerable research and development is underway in this area.

Ore reserves defined for purposes of mine planning are 8,500,000 tons of 0.72% columbium oxide, after allowance for dilution. Geological reserves outlined by widely-spaced drilling are considerably higher.

The shaft and approximately 6,000 feet of underground development had been completed by the end of the fiscal year, and installation of mill equipment and related facilities was well under way.

IN PREPARATION

AFTON COPPER PROJECT

Capital cost (estimated)	$80,000,000
Annual capacity (lbs. Cu)	50,000,000
Mill capacity (tons/day)	7,000
Output (blister copper)	99% copper
Construction start (estimated)	March 1976
Completion (estimated)	Late 1977
Teck equity (net)	54%

The decision to build a new copper mine and related copper smelter on the Afton property was reached in October 1975, after several years of detailed engineering, pilot plant work, negotiations with banks, customers and the British Columbia Government. A key factor in the decision to incorporate a smelter in the project was the undertaking by the Government to provide a programme of incentive payments which would encourage development of copper smelters in the Province. In addition, there are strong indications that a more realistic approach to mining taxation will evolve prior to the mine reaching production.

The Afton property is located 8 miles west of Kamloops, British Columbia, and its development will have a considerable beneficial impact on that community, providing 350 jobs directly and several times this through the multiplier effect.

An interesting sidelight is that Afton runs a cattle ranching operation on land surrounding the mine. During 1975, this consisted of 250 head of Hereford cattle, with calf. Plans are to bring in water beyond that required for the milling process, using the excess for irrigation to improve both the appearance and productivity of land near the mine. The combined ranching and mining operation will represent a productive case of multiple land use.

Construction is scheduled to get underway in the spring of 1976, assuming that all necessary permits and leases have been obtained or are being processed expeditiously.

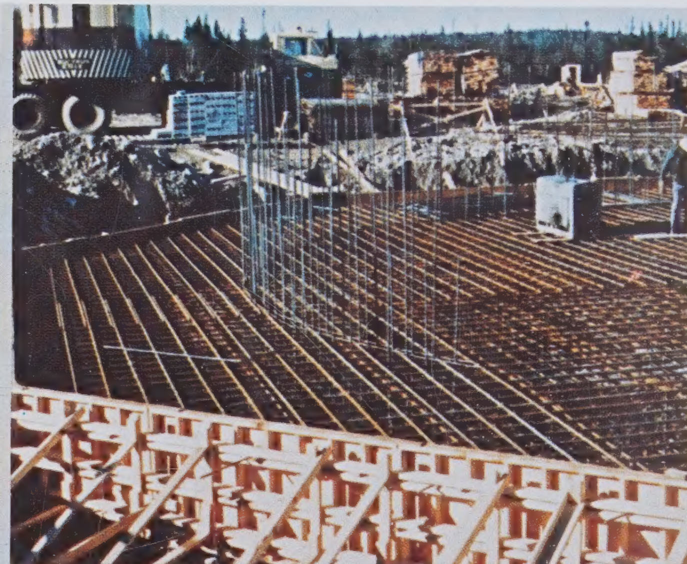
The mine will be developed initially by open pit methods, the ore being hauled by truck to the nearby milling plant. Ore reserves within the ultimate boundaries of the pit are 34,000,000 tons assaying 1.0% copper. Gold and silver values, at current prices, add approximately $2 per ton to the value of the ore. The orebody continues below the 900 foot depth selected as the limit of open pit mining, and it is expected that the deeper portion will eventually be mined using underground methods. However, no provision for this has been included in ore reserves.

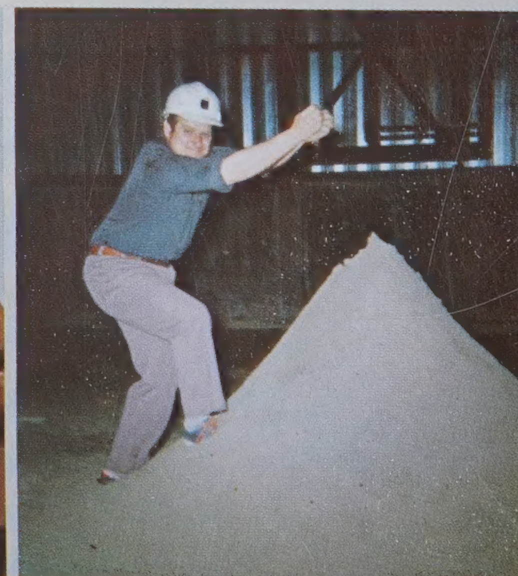
The milling process will be somewhat different than that used in conventional copper mines, since the Afton mineralization occurs primarily as native copper. The concentrator will include flotation and gravity separation techniques, resulting in a high grade metallic concentrate as well as the usual flotation concentrate.

The smelter will employ the Top Blown Rotary Converter (TBRC) process, developed by the International Nickel Company in conjunction with Dravo Inc. It will produce blister copper in the form of 1,200 pound billets. Both smelter recovery and the copper content of the blister are expected to exceed 99%.

The project is subject to the regulations of the Pollution Control Board. Because of the low initial sulphur content of the smelter feed, and the emission control systems incorporated in the design, no difficulty is anticipated in meeting these standards. However, the time required to obtain the necessary permits is often lengthy, and this may have an effect on the ultimate construction schedule and completion date.

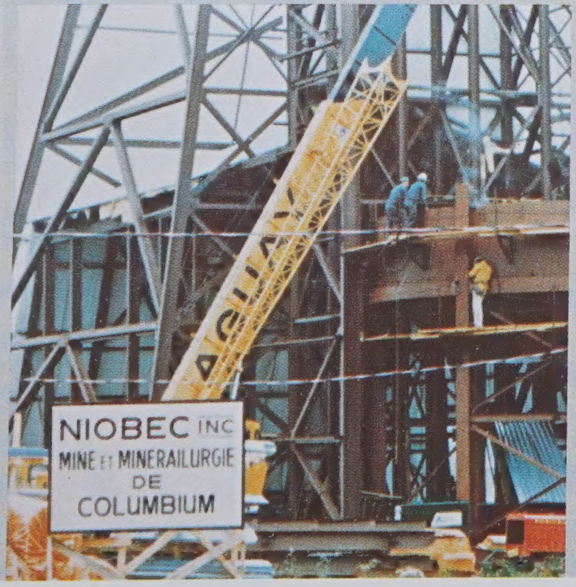
NEWFOUNDLAND ZINC

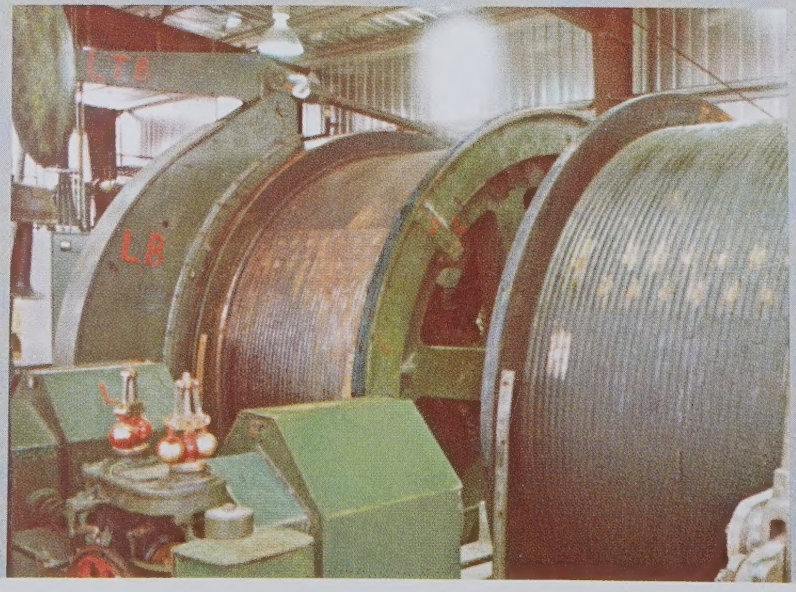




First zinc concentrate

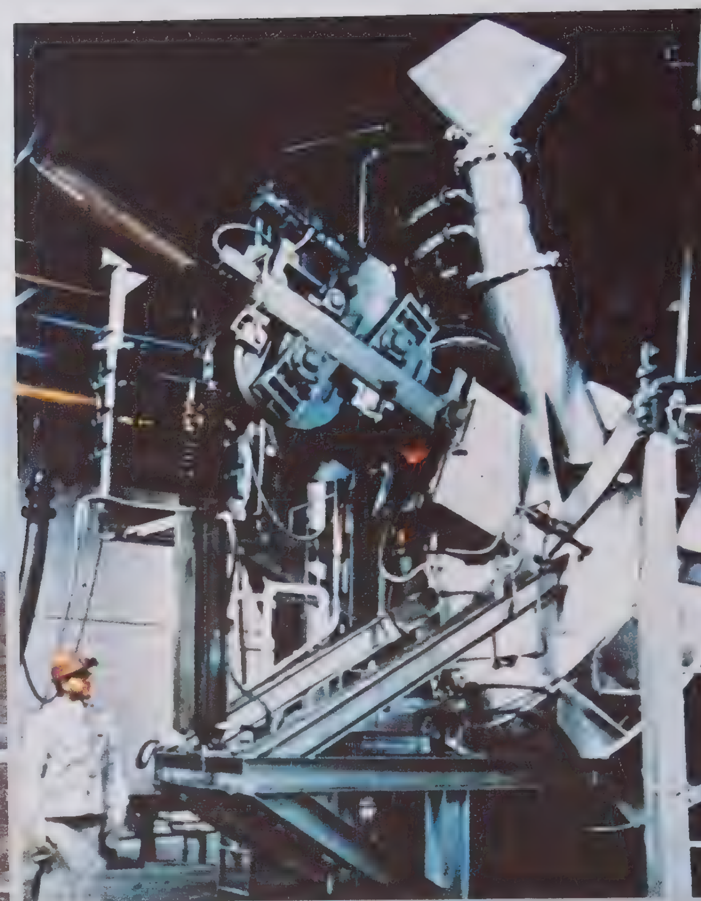
NIOBEC COLUMBIUM





Dr. Come Carbonneau with Mr. Michener at the Niobec columbium mine.

AFTON COPPER



Afton, before and after (artist's conception)

Afton smelting test

NEW MINES, AFTON (continued)

Financing has been arranged with $75,000,000 to be provided by two Canadian banks and up to a further $15,000,000 from the British customers. Teck Corporation has provided certain completion and performance guarantees.

The Provincial incentive programme will provide Afton with payment of 2¢ per pound of copper produced from the smelter during its first four years of operation. The Province also has an option to purchase, at cost, a 5% joint venture interest in the smelter unit, exercisable for a period of 12 months after completion of the project.

Teck's net equity in Afton is 54%. This consists of a 43% share interest in Afton Mines Ltd. and an indirect holding through Iso Mines Limited, a Teck affiliate.

Teck Corporation's exploration and development team is now actively seeking the next project beyond Afton. This includes continued investigation of a number of mineral deposits in which the company already holds an interest, as well as basic exploration for new deposits.

One of the most interesting of these is our coking coal programme. Both directly and indirectly, through Brameda Resources, Teck has an interest in substantial coal reserves in the Sukunka River area of northeastern British Columbia. Part of this coal has been under farmout to Brascan Resources for some years, and that company has until July 1976 in which to reach a production decision. Whether this option is exercised by Brascan or the property is returned to the sponsorship of the Teck Group, it is likely that it will be the next major new mine development in which the company is involved.

Teck also has interests in a number of low grade copper-molybdenum deposits in western Canada, but the present taxation climate leaves little scope for profitable development of these properties.

In basic exploration, Teck is engaged in syndicated airborne electromagnetic surveys, primarily in Ontario and Quebec, and in regional investigations in Newfoundland. Teck also maintains an exploration office in the western United States.

NEW PETROLEUM

BANTRY GAS PROJECT

Teck is developing new natural gas production in the Bantry area, 120 miles southeast of Calgary, Alberta. The company's net recoverable gas reserves in this area are estimated to be 61.8 billion cubic feet.

Teck participated in 31 successful development wells this year in the Bantry-Monogram Unit, which was placed on production in March at a rate of 8 million cubic feet per day. Teck's interest is 21.5% and this unit contributed 262,000 mcf to our natural gas sales in fiscal 1975.

A second unit, Bantry-Tide Lake Gas Unit No. 1, is now in the formative stages and it is expected that gas sales will begin in 1976. Teck and its partners plan approximately 70 development wells for this unit during the next year.

RIGEL & CACHE CREEK PROJECTS

Deliveries of natural gas from these two areas in northeastern British Columbia are expected to begin in January 1976. Both fields are expected to produce approximately 5 million cubic feet of gas per day, with Teck's share of production being 440,000 mcf per year.

NORTH DAKOTA

Teck participated in the drilling of 35 exploratory and development wells in North Dakota during the fiscal year. These resulted in 18 producing oil wells. A further 5 wells were drilled under farmout, with 2 being completed as oil wells. Teck's net share of production from this area is now 84 barrels of oil per day, sold at market prices of approximately $12 per barrel.

DEVELOPMENT DRILLING

Including wells drilled on the above projects, Teck participated directly in 60 development wells during the fiscal year. An additional 3 wells were drilled under farmout at no direct cost to the company.

Location	No.	Oil	Gas	Dry
Direct				
Alberta, Bantry	31	–	31	–
Alberta, Other	9	3	5	1
Saskatchewan	5	2	1	2
North Dakota	15	15	–	–
Farmout				
Alberta	2	–	–	2
North Dakota	1	1	–	–

EXPLORATION

Teck participated directly in 44 exploratory wells during the fiscal year. An additional 8 wells were drilled by other companies under farmout.

Location	No.	Oil	Gas	Dry
Direct				
Alberta	17	1	8	8
British Columbia	4	–	3	1
Saskatchewan	1	–	–	1
Manitoba	1	–	–	1
North Dakota	20	3	–	17
Montana	1	–	–	1
Farmout				
Alberta	4	1	1	2
North Dakota	4	1	–	3

A farmout arrangement was negotiated covering Teck's Severn Basin "onshore" project in England. The first well was abandoned as a dry hole subsequent to the fiscal year end. A second deeper well is planned for a separate structure 25 miles to the east.

Drilling on Teck's other large acreage holdings in the Celtic Basin off England and in the Mackenzie Delta is being held in abeyance, pending drilling results from other properties in the areas.

CURRENT OPERATIONS

Teck produces oil and natural gas from several fields in western Canada and precious metals from three mines in Ontario, Quebec and British Columbia. A fourth mine, producing zinc in Newfoundland, was added late in the fiscal year (page 5).

PETROLEUM PRODUCTION

OIL (barrels)	1975	1974	1973	1972	1971
Canada					
Steelman, Sask.	860,761	936,246	1,023,836	1,164,584	1,245,193
Cullen, Sask.	47,003	66,112	58,671	66,829	71,732
Medicine River, Alta.	54,409	47,700	56,582	35,820	37,873
Virden, Man.	27,676	41,120	39,722	31,439	35,262
Miscellaneous	33,185	57,712	61,607	54,093	59,747
	1,023,034	1,148,890	1,240,418	1,352,765	1,449,807
United States					
North Dakota	8,612	–	–	–	–
Illinois Basin	–	–	–	–	286,564

NATURAL GAS (mcf)	1975	1974	1973	1972	1971
Canada					
West Provost, Alta.	364,268	494,747	537,187	549,840	511,080
Medicine River, Alta.	52,279	72,917	137,428	38,014	–
Huxley, Alta.	69,000	81,840	55,688	16,182	–
Bantry, Alta.	262,444	–	–	–	–
Vegreville, Alta.	49,174	–	–	–	–
Pelican, Alta.	133,155	–	–	–	–
Portage, Alta.	34,609	–	–	–	–
	964,929	649,504	730,303	604,036	511,080

PETROLEUM

	1975	1974
Value produced	$12,736,000	$10,275,000
Royalties paid	3,723,000	2,516,000
Export tax (estimated)	4,257,000	3,500,000
Net revenue	4,756,000	4,259,000
Operating profit*	3,392,000	3,131,000

**Before other, normal taxes*

Teck produced 1,031,646 barrels of oil and 964,929 mcf of natural gas in fiscal 1975, compared with 1,148,890 barrels and 649,504 mcf the previous year. Average daily production was 2,826 barrels of oil and 2,643 mcf of gas.

The increase in natural gas was due to new production from the Monogram Unit at Bantry and from the Pelican area. These will contribute a full year's output in 1976 and a second unit at Bantry is scheduled to come into production during the year.

Production history by field or area for the last five years is summarized in the accompanying table.

Proven and probable petroleum reserves at the fiscal year end were 10,900,000 barrels of recoverable crude oil and natural gas liquids and 46.1 billion cubic feet of natural gas. In addition Reid, Crowther and Partners Ltd. have estimated possible reserves, including natural gas not yet committed to market or of less certain recovery, as 400,000 barrels of crude oil and gas liquids and 47.0 billion cubic feet of natural gas.

Approximately 65% of the value of production went for direct taxes to the Provincial and Federal Governments, *separate from and before considering normal income taxes.*

MINING PRODUCTION

LAMAQUE (gold)	1975	1974	1973	1972	1971
Tons milled	468,580	527,040	598,120	768,820	777,920
Grade (ounces)	0.125	0.113	0.113	0.114	0.114
Recovery (%)	94.1	93.5	93.4	93.3	93.3
Production (ounces)	54,926	55,850	63,117	81,815	96,197
Operating cost per ton	$16.32	$11.82	$7.83	$5.26	$4.95
SILVERFIELDS (silver)					
Tons milled	68,226*	91,753	96,016	75,607	76,123
Grade (ounces)	11.4	9.4	14.7	18.2	14.9
Recovery (%)	96.3	96.4	96.7	96.8	96.7
Production (ounces)	735,495	815,319	1,367,756	1,328,510	1,112,052
Operating cost per ton	$18.52	$13.57	$12.29	$13.06	$14.10
BEAVERDELL (silver)					
Tons milled	37,313	37,434	37,316	37,092	18,454
Grade (ounces)	10.5	11.2	14.5	18.2	14.1
Recovery (%)	90.8	90.9	91.0	91.8	91.2
Production (ounces)	359,441	384,737	497,201	676,363	289,958
Operating cost per ton	$30.42	$23.95	$20.26	$19.40	$20.97
NEWFOUNDLAND (zinc)					
Tons milled	129.734**				
Grade (%)	6.3				
Recovery (%)	92.6				
Production (pounds)	14,358,000				
Operating cost per ton	$9.09				

*9 months
**3 months

MINING

	1975	1974
Sales revenue	$17,266,000	$12,783,000
Operating profit*	$ 3,955,000	$ 4,180,000

includes Teck's proportionate share of Newfoundland Zinc.

LAMAQUE GOLD MINE

The Lamaque Mine near Val d'Or, Quebec continued to operate successfully through its 40th year. Production consisted of 54,926 ounces of gold from 468,580 tons of ore grading 0.125 ounce of gold per ton. Comparable figures last year were 55,850 ounces from 527,040 tons assaying 0.113 ounce per ton.

The average price of gold was $169 per ounce, compared with $141 last year, and sales revenue increased from $7,894,000 to $9,312,000. Despite this price improvement, costs escalated at a greater rate, and earnings declined from $1,693,000 to $1,610,000.

Operating costs per ton increased 38% over 1974 and 108% over 1973. Much of this is due to inflation in labour and material costs, although changes in the mining method have had an impact as well. In previous years, Lamaque produced a high proportion of its ore from low cost, blasthole stopes, but it is now relying on smaller, higher cost ore zones. This includes relatively high grade veins located during recent exploration near the old No. 2 Mine, and production from this area contributed a significant amount of gold during the past year. With the recent decline in the price of gold below $145 per ounce, the mine may once again have to be placed on a salvage basis.

Ore reserves at the fiscal year end were 545,833 tons at 0.143 ounce per ton, compared with 470,000 at 0.15 ounce last year.

SILVERFIELDS SILVER MINE

The Silverfields operation at Cobalt, Ontario has been closed by a strike since July 12th. Several meetings have been held with the Union negotiating committee, but it has not been possible to arrive at a settlement. The situation has been complicated by the Federal Prices and Incomes legislation and the Union's stand that it will not abide by the guidelines.

During the 9½ months prior to the strike the mine produced 735,495 ounces of silver from 68,226 tons of ore grading 11.4 ounces per ton. The comparable grade last year was 10.5 ounces per ton. Sales revenue was $2,944,000 and operating profit $1,097,000, compared with $3,233,000 and $1,831,000 the previous year.

At the year end 150,181 ounces of silver in flotation concentrates remained stockpiled, pending completion of new sales arrangements. It is anticipated that this material will be sold in the first quarter of the new fiscal year and, in the meantime, it is being carried at cost.

In common with most other mining operations Silverfields' costs have escalated rapidly in the past two years. The average for the first 9 months this year was 29% higher than for 1974.

Ore reserves at the fiscal year end were 267,990 tons grading 10.4 ounces of silver per ton, compared with 324,700 tons at 11.1 ounces per ton at the end of the previous year.

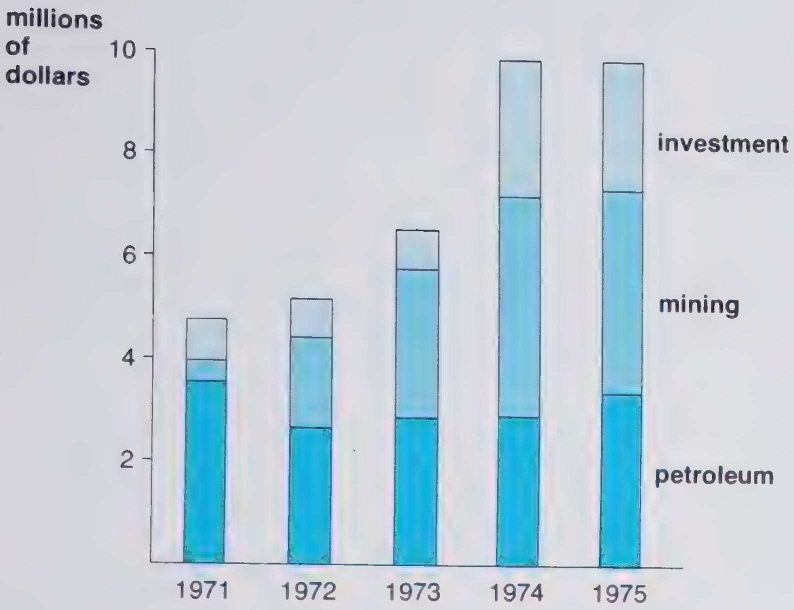
BEAVERDELL SILVER MINE

Beaverdell is located 40 miles southeast of Kelowna, British Columbia. The mine produced 359,441 ounces of silver from 37,313 tons of ore assaying 10.5 ounces per ton. This compares with production of 384,737 ounces from 37,434 tons grading 11.2 ounces in the preceding year.

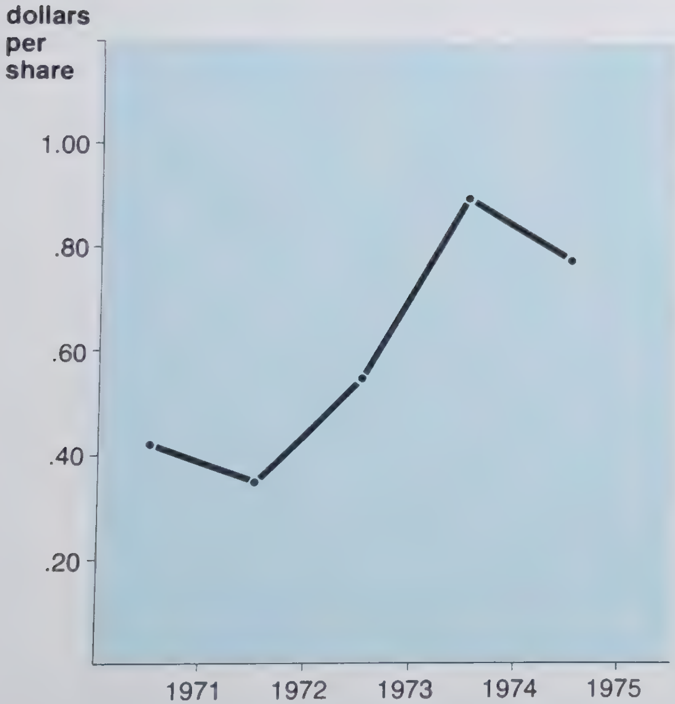
Sales revenue of $1,640,000 was close to the $1,656,000 of 1974. However, costs increased by 27%, and profit, after payment of Provincial Mining and Land Taxes, was down from $656,000 to $282,000.

Because Beaverdell is on Crown-granted mineral claims British Columbia's Mineral Royalties Act does not apply to it. However, under the parallel Mineral Land Tax Act Beaverdell was required to pay $76,000 to the Provincial Government. This payment of 37% of mine operating profit is *before* all other taxes including Provincial Mining Tax, Provincial Income Tax and Federal Income Tax.

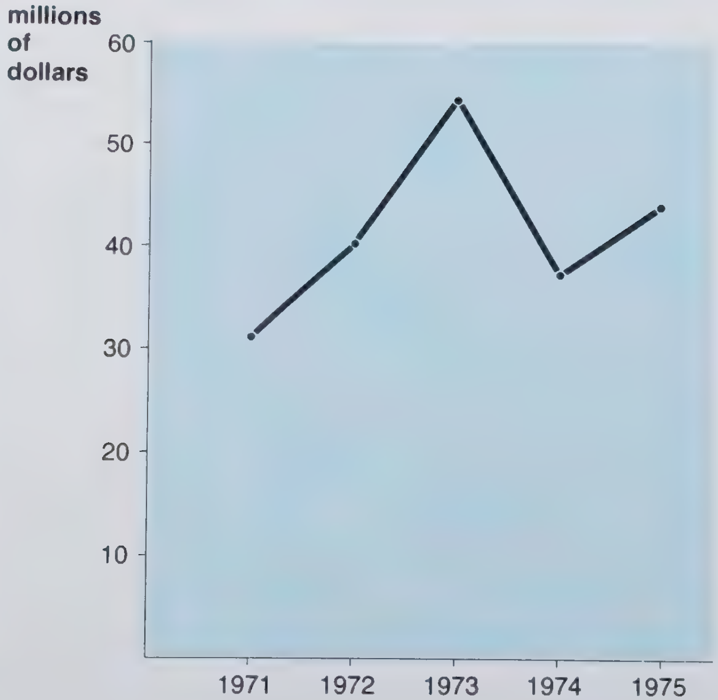
The ore reserve picture remains good, provided the silver price does not drop below the current level and that cost and tax escalation can be contained better than in the past two years.



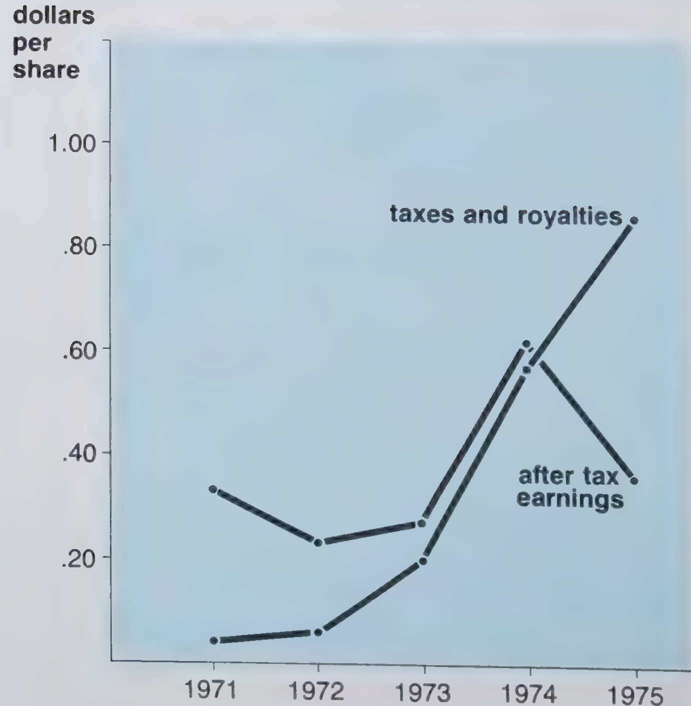
OPERATING PROFIT



CASH FLOW



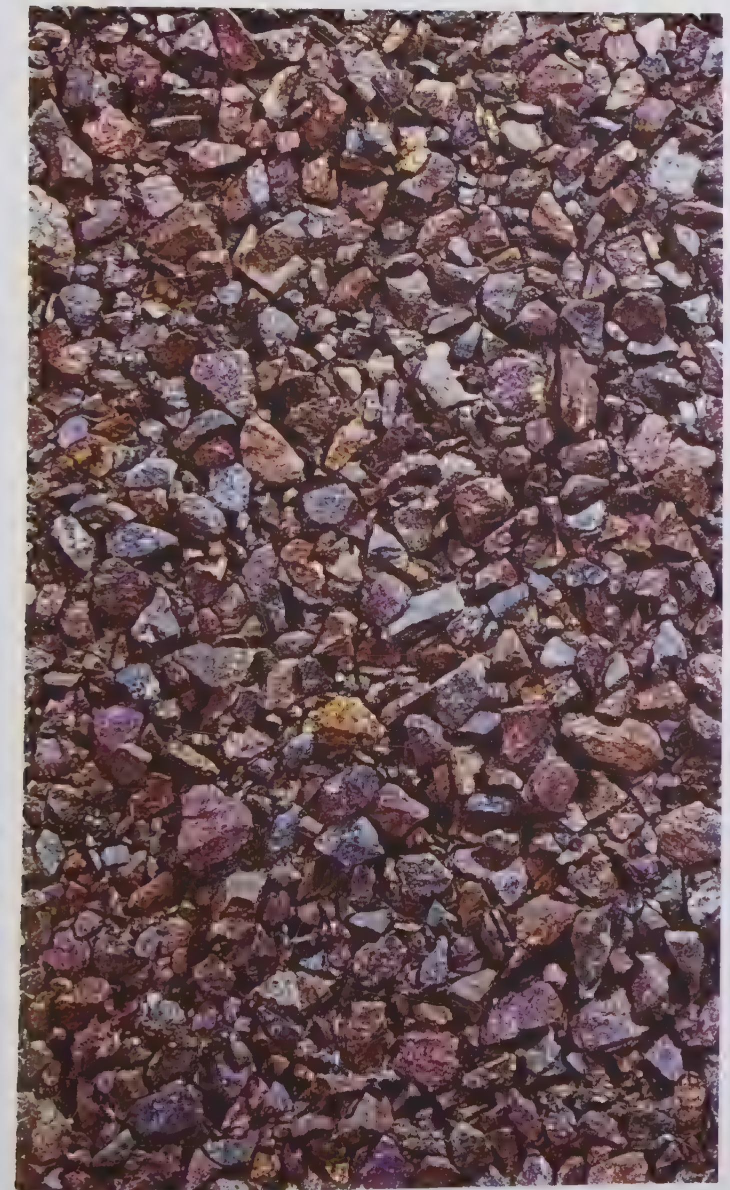
MARKET VALUE OF INVESTMENTS



EARNINGS — TAXES & ROYALTIES

FINANCE

In less than two years Teck has sponsored and arranged financing for three new mines involving capital expenditures of $116,000,000.



EARNINGS

Net earnings before extraordinary items were $2,483,000 or 36¢ per share, compared with $4,202,000 or 62¢ per share last year. Extraordinary items increased this by $45,000 for total earnings of $2,528,000 or 37¢ per share.

Operating profit from petroleum increased from $3,131,000 to $3,392,000 as a result of higher natural gas production, higher gas prices, and a modest increase in the price received per barrel of oil after the Canadian price was increased in July.

Operating profit from our gold and silver mines decreased from $4,180,000 to $2,989,000. Although the price of gold was up from an average $141 to $169 per ounce and silver increased by 25¢ per ounce, costs escalated at a greater rate. In addition, the Silverfields Mine has been on strike since July 12th.

The Newfoundland Zinc Mine came on stream in July 1975 and contributed operating profit of $966,000 by September 30th.

Investment and other income amounted to $2,551,000, an increase of $95,000 from last year. Dividend income from Madeleine and Mattagami declined by $721,000 but this was offset by higher interest income and gains on forward selling of silver.

CASH FLOW

Cash flow before non-cash write-offs was $5,235,000 or 77¢ per share, compared with $6,140,000 or 90¢ per share last year. This includes cash earnings from operations and investments less exploration, current taxes, royalties, interest and administrative costs.

Capital expenditures amounted to $12,191,000 including $9,873,000 related to the Newfoundland Zinc operation, $1,059,000 on producing petroleum properties and $782,000 of development expenditures on non-producing petroleum properties.

EXPANSION FINANCING

In the past two years Teck has sponsored and arranged financing for three new mines with an estimated capital cost of $116,000,000. This includes Afton ($80,000,000), Newfoundland Zinc ($18,000,000) and Niobec ($18,000,000). The Niobec and Newfoundland financing were described in the last annual report.

The Afton financing consists of a $75,000,000 term loan from a consortium of Canadian banks and a $15,000,000 line of credit from the purchasers of the copper output, two substantial British companies.

Teck and Iso Mines Limited (49% owned by Teck) have jointly and severally undertaken to complete the project (completion guarantee) and to provide funds up to a maximum of $25,000,000 to meet any shortfall (deficiency guarantee) in the bank loan repayments, if Afton's cash flow is insufficient to repay the debt. There are provisions for reduction in this deficiency guarantee as the bank loan is repaid.

The $15,000,000 line of credit from the copper purchasers may be drawn upon to cover either or both of the completion and deficiency guarantees.

	1975	1974
Sales revenue, gross	$25,745,000	$19,558,000
Royalties on petroleum production	3,723,000	2,516,000
Net sales revenue	22,022,000	17,042,000
Operating profit from petroleum	3,392,000	3,131,000
Operating profit from mining	3,955,000	4,180,000
Investment and other income	2,551,000	2,456,000
Profit before taxes and royalties	8,324,000	8,068,000
Taxes and royalties	5,841,000	3,866,000
— per share	86¢	57¢
Net earnings (ordinary)	2,483,000	4,202,000
— per share	36¢	62¢

TECK CORPORATION LIMITED

This table summarizes the principal operating divisions, subsidiaries and investments of Teck Corporation. Where Teck's interest is less than 100%, this is indicated in parentheses. All references to 1975 relate to the fiscal year ended September 30, 1975.

PRODUCING COMPANIES & DIVISIONS

Petroleum Division	Produces oil and natural gas in Saskatchewan, Alberta, Manitoba and North Dakota. Conducts oil and gas exploration programmes.	1975 oil production 1,031,646 bbls. Gas production 964,929 mcf. Reserves of 10,900,000 bbls. of oil and 93.1 billion cubic feet of natural gas. 1975 operating profit $3,392,000.
Lamaque Mining Company	Operates a gold mine in Val d'Or, Quebec.	1975 production 54,926 ounces of gold. 1975 operating profit $1,610,000.
Beaverdell Division	Operates a silver mine near Beaverdell, British Columbia.	1975 production 359,441 ounces of silver. 1975 operating profit $282,000.
Silverfields Division	Operates a silver mine at Cobalt, Ontario.	1975 production 735,495 ounces of silver. 1975 operating profit $1,097,000.
Newfoundland Zinc Division	Has a 48% joint venture interest in a new zinc mine near Daniel's Harbour, Newfoundland.	Began operation in July 1975. Division's share of production in first operating quarter was concentrate containing 6,831,867 pounds of zinc. Operating profit $724,000.
Tecam Ltd. *(63%)*	Has a 25% interest in the Newfoundland Zinc joint venture.	Tecam's share of production in 1975 was concentrate containing 3,589,672 pounds of zinc. Operating profit $242,000.

DEVELOPMENT COMPANIES

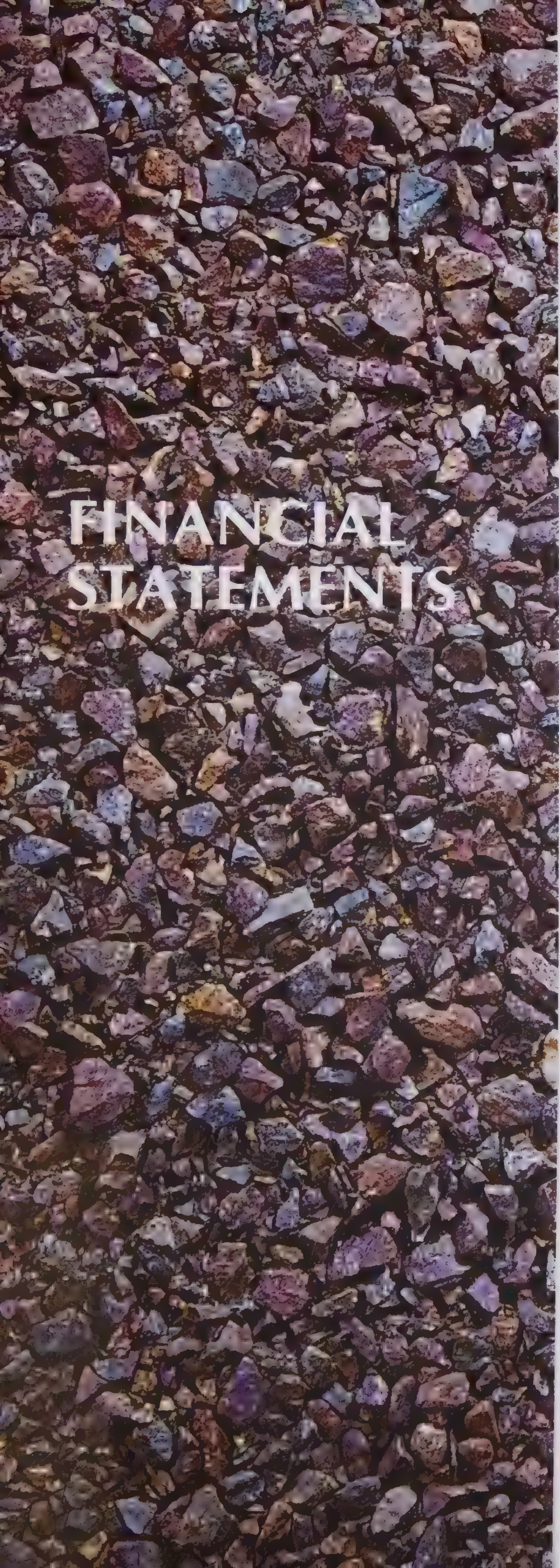
Afton Mines Ltd. (43%)	Preparing to build a 7,000 tons per day copper mine and smelter near Kamloops, British Columbia. Projected output is 50,000,000 pounds of blister copper per year.	Teck's 1,606,848 shares had a market value of $8,636,000 on September 30, 1975. Teck's net interest including equity through Iso Mines Ltd. was 54% on September 30.
Niobec Inc. (25%)	Completing construction of a 1,500 tons per day columbium (niobium) mine near St. Honoré, Quebec. Projected output 5,500,000 pounds of columbium oxide per year.	Niobec Inc. is a private company with no quoted market value. Shareholders are Soquem (50%), Teck (25%) and Copperfields (25%). Teck's net direct and indirect equity is 32%.

INVESTMENTS

Madeleine Mines Ltd. (25%)	Operates a copper mine in the Gaspé region of Quebec.	Teck's 1,151,176 shares had a market value of $2,049,000 on September 30, 1975. Dividends during 1975 amounted to $345,000.
Mattagami Lake Mines Ltd. (5%)	Operates zinc and copper mines at Mattagami, Quebec and Sturgeon Lake, Ontario. Has 53% interest in zinc refinery near Montreal.	Teck's 665,200 shares had a market value of $9,895,000 on September 30, 1975. Dividends during the year amounted to $1,031,000.

EXPLORATION & DEVELOPMENT COMPANIES

Brameda Resources Limited (47%)	Has extensive coal interests, variously under option to Brascan Resources and Teck, in Sukunka River area of British Columbia. Ultimate coal production of 2,000,000-3,000,000 tons per year envisaged but no production decisions made as yet. Also has 38% interest in Casino Silver Mines Ltd. which has a copper, molybdenum deposit in Yukon Territory	Teck's 4,624,368 shares had a market value of $3,792,000 and Teck also held $3,672,000 in Brameda notes and debentures on September 30, 1975.
Copperfields Mining Corporation (28%)	Has 25% of Niobec Inc. and an investment in Teck Corporation.	Teck's 1,743,400 shares had a market value of $2,005,000 on September 30, 1975.
Highmont Mining Corporation Ltd. (22%)	Has 55% joint venture interest in a copper, molybdenum deposit in Highland Valley area, British Columbia. Teck owns the remaining 45%. Engineering for a 25,000 tons per day mine was completed several years ago but there are no immediate plans for production.	Teck's 875,000 shares had a market value of $569,000 on September 30, 1975.
Iso Mines Limited (49%)	Has 23% of Afton Mines Ltd. and carries out mining exploration.	Teck's 1,825,028 shares had a market value of $1,843,000 on September 30, 1975.
Silver Standard Mines Ltd. (20%)	Has interests in the Minto copper deposit in Yukon Territory and the Red and Schaft Creek copper, molybdenum deposits in British Columbia. Active in mining exploration.	Teck's 1,406,666 shares had a market value of $1,224,000 on September 30, 1975.
Torwest Resources Ltd. (25%)	Has 26% interest in Highmont Mining Corporation.	Teck's 1,903,500 shares had a market value of $133,000 on September 30, 1975.



TECK CORPORATION LIMITED

Consolidated Balance Sheet as at September 30, 1975

ASSETS	1975 $	1974 $
Current Assets		
Cash	224,000	227,000
Concentrates, bullion and settlements receivable	3,645,000	2,293,000
Accounts receivable	2,472,000	1,835,000
Mortgage, debenture and loans receivable from an effectively controlled company	3,672,000	2,173,000
Marketable securities at cost (quoted market value 1975 — $9,970,000; 1974 — $9,390,000) (notes 4 and 8)	6,048,000	6,100,000
Supplies — at cost	1,119,000	679,000
Deposits and prepaid expenses	749,000	170,000
	17,929,000	13,477,000
Investments in and Advances to Effectively Controlled Companies (notes 2, 4 and 10)	22,661,000	23,745,000
Investments in and Advances to Related and Other Companies (notes 3 and 4)	10,927,000	8,845,000
Property, Plant and Equipment		
Producing petroleum properties including well development expenditures — at cost less accumulated depletion (1975 — $5,639,000; 1974 — $5,398,000)	3,168,000	2,330,000
Non-producing petroleum properties — at cost, less amortization (1975 — $930,000; 1974 — $700,000)	2,592,000	2,065,000
Mineral properties, rights and deferred costs — at cost less amortization	6,246,000	5,791,000
Plant and equipment — at cost, less accumulated depreciation (1975 — $8,960,000; 1974 — $8,695,000)	12,917,000	3,716,000
	24,923,000	13,902,000
	76,440,000	59,969,000

LIABILITIES

	1975 $	1974 $
Current Liabilities		
Bank loans (notes 2 and 4)	8,737,000	5,522,000
Accounts payable and accrued expenses	3,450,000	3,211,000
Income and other taxes	517,000	376,000
	12,704,000	9,109,000
Long-Term Debt (note 4)	17,885,000	8,961,000
Deferred Income and Mining Taxes	6,117,000	4,500,000
Minority Interest	1,423,000	1,616,000
	38,129,000	24,186,000

SHAREHOLDERS' EQUITY

	1975 $	1974 $
Capital Stock (note 5)		
Authorized —		
7,500,000 Class "A" shares without nominal or par value		
17,500,000 Class "B" shares without nominal or par value		
Issued and fully paid —		
4,903,620 Class "A" shares	14,021,000	14,021,000
1,913,639 Class "B" shares	11,136,000	11,136,000
6,817,259	25,157,000	25,157,000
Retained Earnings	13,154,000	10,626,000
	38,311,000	35,783,000
	76,440,000	59,969,000

Signed on behalf of the Board

Director

Director

Consolidated Statement of Earnings for the Year ended September 30, 1975

	1975 $	1974 $
Revenue from petroleum operations	4,756,000	4,259,000
Revenue from mining operations	17,266,000	12,783,000
	22,022,000	17,042,000
Gross operating profit		
—petroleum operations	3,392,000	3,131,000
—mining operations	3,955,000	4,180,000
Investment and other income	2,551,000	2,456,000
Technical services	164,000	74,000
	10,062,000	9,841,000
Less: Administrative and general expenses	1,045,000	939,000
Interest expense — long-term	650,000	306,000
— other	769,000	764,000
Petroleum and mining exploration	1,776,000	1,333,000
	4,240,000	3,342,000
Operating profit before the following	5,822,000	6,499,000
Depletion, depreciation and amortization	1,162,000	868,000
Petroleum and mineral properties written off		29,000
Minority interest	3,000	10,000
	1,165,000	907,000
	4,657,000	5,592,000
Income and mining taxes — current	587,000	359,000
— deferred	1,760,000	527,000
	2,347,000	886,000
	2,310,000	4,706,000
Equity in losses of effectively controlled companies (note 2)	56,000	40,000
Deferred income taxes resulting from equity accounting	(229,000)	464,000
	(173,000)	504,000
Net earnings for the year before extraordinary items	2,483,000	4,202,000
Extraordinary items		
Gain (loss) on disposal of investments and marketable securities	88,000	(19,000)
Equity in extraordinary losses of effectively controlled companies	(105,000)	(15,000)
Other	62,000	(97,000)
	45,000	(131,000)
Net earnings for the year	2,528,000	4,071,000
Earnings per share		
Before extraordinary items	36¢	62¢
After extraordinary items	37¢	60¢

Consolidated Statement of Changes in Financial Position for the Year ended September 30, 1975

	1975 $	1974 $
Source of Working Capital		
Earnings before extraordinary items	2,483,000	4,202,000
Add items not affecting working capital:		
Depletion, depreciation and amortization	1,162,000	868,000
Petroleum and mineral properties written off		29,000
Minority interest	3,000	10,000
Equity in losses of effectively controlled companies	56,000	40,000
Deferred income and mining taxes	1,617,000	1,060,000
Total from operations before extraordinary items	5,321,000	6,209,000
Extraordinary items affecting working capital:		
Sale of investments and marketable securities	151,000	175,000
Other	159,000	82,000
Reclassification of provision for loss	984,000	
Mortgage, debenture and loans recoverable from effectively controlled companies		1,411,000
Long-term debt	9,324,000	6,008,000
Mineral properties, rights and deferred costs		1,750,000
	15,939,000	15,635,000
Use of Working Capital		
Acquisition of Geophysical Engineering Limited — net		787,000
Minority interest in previously consolidated subsidiary now accounted for as a corporate joint venture	196,000	
Mineral properties, rights and deferred costs	514,000	1,940,000
Producing petroleum properties	1,059,000	181,000
Non-producing petroleum properties	782,000	649,000
Plant and equipment	9,836,000	2,112,000
Investments in and advances to effectively controlled companies	149,000	435,000
Investments in and advances to related and other companies	2,146,000	3,024,000
Term bank loans	400,000	2,272,000
Other		22,000
	15,082,000	11,422,000
Increase in Working Capital	857,000	4,213,000
Working Capital — Beginning of Year	4,368,000	155,000
Working Capital — End of Year	5,225,000	4,368,000

TECK CORPORATION LIMITED

Consolidated Statement of Retained Earnings for the Year ended September 30, 1975

	1975 $	1974 $
Balance — Beginning of Year		
As previously reported	11,227,000	7,328,000
Adjustment of prior year's earnings (note 6)	(601,000)	(773,000)
As restated	10,626,000	6,555,000
Net earnings for the year	2,528,000	4,071,000
Balance — End of Year	13,154,000	10,626,000

Auditors' Report to the Shareholders

We have examined the consolidated balance sheet of Teck Corporation Limited and its subsidiaries as at September 30, 1975 and the consolidated statements of earnings, retained earnings and changes in financial position for the year then ended. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion these consolidated financial statements present fairly the financial position of the companies as at September 30, 1975 and the results of their operations and the changes in their financial positions for the year then ended, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

As required by Section 212 of the British Columbia Companies Act, we also report that, in our opinion, the accounting treatment accorded minority interests in the financial statements is appropriate in the circumstances.

Coopers & Lybrand

Vancouver, B.C.
November 21, 1975

CHARTERED ACCOUNTANTS

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED SEPTEMBER 30, 1975

1. SIGNIFICANT ACCOUNTING POLICIES

Principles of consolidation

The consolidated financial statements include the financial statements of the company and all of its subsidiary companies which are:

Bartec Mining Company Limited, Beacon Mining Company Limited, Burnaby Iron Mines Limited, Cariboo-Bell Copper Mines Ltd., Dighem Limited, Geophysical Engineering Limited, Lamaque Mining Company Limited, Pine Bell Mines Limited, Teck Corporation (B.C.) Limited, Teck Resources (U.K.) Limited, Teck Resources (U.S.), Inc., Villemaque Gold Mines Limited.

Translation of foreign currencies

The accounts of the company's foreign subsidiaries have been converted into Canadian funds for consolidation with the company's accounts. Current assets and liabilities have been converted at year-end rates, other assets (and related depreciation, depletion and amortization) at the rates prevailing at the date of acquisition. Amounts (other than depreciation, depletion and amortization) appearing in the consolidated statement of earnings have been converted at the average exchange rates for the year.

Investments in associated companies

The company follows the equity method of accounting for its investments in companies in which it owns from 20% to 50% and of which it deems itself to have effective control. Under this method the company records its share of earnings (rather than dividends) and losses of these companies. The excess cost of these investments over the related underlying equity in the net assets of the investee companies will be written off over the estimated life of those assets.

The company accounts for its proportionate share of the assets, liabilities and earnings of operating corporate joint ventures on the line by line basis.

Property, plant and equipment

(a) Petroleum properties and well development expenditures

The practice of the company is to capitalize lease acquisition costs and drilling and development expenditures of producing wells. Depletion of such costs and depreciation of related production equipment are provided on a unit of production method based on estimated recoverable reserves of oil. Amortization of non-producing petroleum properties is a provision for future write-offs accrued at a rate of 8% per annum. Carrying charges on non-producing petroleum properties and petroleum exploration costs are charged against current earnings as incurred.

(b) Mineral properties, rights, deferred costs, plant and equipment

Mineral properties and rights are carried at cost to date, less amortization of certain rights and do not necessarily reflect present or future values. Mineral exploration costs are charged to earnings in the year in which they are incurred, except where these costs relate to specific areas having indicated economically recoverable reserves, in which case they are deferred. Mineral properties and deferred exploration costs will be amortized over the life of the orebody or written off if the project is abandoned.

Plant and equipment is depreciated on a basis relating to production and ore reserves.

The company's 63.44% share of the Newfoundland Zinc joint venture property, plant and equipment is included in this total.

Concentrates, bullion and settlements receivable

Concentrates, bullion and settlements receivable are recorded at estimated net realizable value which is based upon metal prices, weights and assays available at the year end.

2. INVESTMENTS IN AND ADVANCES TO EFFECTIVELY CONTROLLED COMPANIES

	Percentage ownership	1975 $	Percentage ownership	1974 $
Shares				
Afton Mines Ltd. (N.P.L.)	43	15,242,000	33	12,019,000
Brameda Resources Limited	47	(1,459,000)	47	14,000
Highmont Mining Corp. Ltd. (N.P.L.)	22	2,488,000	22	2,488,000
Iso Mines Limited	50	4,553,000	50	4,301,000
Pickle Crow Exploration Limited	25	138,000	25	144,000
Torwest Resources (1962) Ltd. (N.P.L.)	20	551,000	20	556,000
Carrying value on equity accounting basis		21,513,000		19,522,000
Advances and rights — at cost		1,148,000		4,223,000
		22,661,000		23,745,000

The carrying value on the equity basis exceeds the company's equity in the net assets of the investee companies by $16,142,000 ($15,399,000 — 1974.) This excess is included in the above totals and will be written off over the estimated life of the assets to which it relates. The company considers that its shares of effectively controlled companies are not temporary investments and that the quoted market price of such shares, calculated at the same rate for both free and escrowed shares, totalling $15,338,000 at September 30, 1975, ($8,555,000 — 1974) does not necessarily reflect their present or future value. Advances and rights are convertible to or will result in the receipt of shares of the companies subject to fulfillment of certain conditions.

Certain investments are pledged as security for the bank loans and the contingent liability with respect to the bank loan to Brameda Resources Limited (note 8).

The negative balance for Brameda Resources Limited results from Teck recording, in accordance with generally accepted accounting principles, 100% of Brameda's excess of deficit over capital stock of $1,459,000. For income determination the company has recognized losses of Brameda of $1,473,000 less a prior year's provision of $984,000 relating to this investment.

3. INVESTMENTS IN AND ADVANCES TO RELATED AND OTHER COMPANIES

Investments in and advances to related and other companies are not temporary investments and include marketable shares at a cost of $4,703,000 — market $5,460,000 (1974 $4,604,000 — market $7,204,000). The remaining balance of $6,224,000 (1974 — $4,241,000) consists of non-marketable shares, advances and debentures. These amounts represent costs to date and do not necessarily reflect their present or future values.

4. LONG TERM DEBT

(a) Long term debt consists of:

	1975 $	1974 $
Term bank loan with interest at 1¼% above the bank prime rate, repayable in annual instalments commencing with $500,000 on or before December 31, 1976 and increasing annually by $100,000 to December 31, 1979 with a final payment of $1,500,000 on December 31, 1980	4,500,000	4,500,000
Term bank loan for the Newfoundland Zinc project ($10,785,000 U.S.) with interest at 1% above the L.I.B.O. rate, repayable in quarterly instalments of $540,000 commencing on or before March 31, 1977	10,803,000	1,500,000
	15,303,000	6,000,000

4. LONG TERM DEBT (cont'd)

	1975 $	1974 $
Balance forward	15,303,000	6,000,000
Mortgage loan payable, without interest, due December 31, 1976 or upon commencement of production from the mineral properties of Highmont Mining Corporation Ltd. (N.P.L.), whichever is earlier	2,500,000	2,500,000
Notes payable, unsecured, 6% non-negotiable, without fixed repayment terms, plus accrued interest of $126,000. Repayable by Dighem Limited, a subsidiary, out of net profits after taxes	482,000	461,000
	18,285,000	8,961,000
Current portion (included with current bank loans)	400,000	
	17,885,000	8,961,000

Aggregate minimum amounts estimated to be required to meet repayment provisions in each of the next five years are:

1976	$ 400,000	1979	$2,861,000
1977	$4,621,000	1980	$2,960,000
1978	$2,761,000		

(b) Security for bank loan and long term debt

Current bank loans aggregating $8,737,000 and the $4,100,000 term bank loan are secured by certain accounts receivable, marketable securities and investments.

The $10,803,000 term bank loan is secured by a collateral fixed and floating charge debenture on the company's portion of the assets of the Newfoundland Zinc Project of approximately $11,500,000 plus specific assignment of concentrate accounts receivable and concentrate inventories from the project of approximately $1,350,000.

The mortgage loan payable is secured by the company's 45% interest in the Highmont mineral properties.

5. CAPITAL STOCK

(a) The Class "A" shares carry the right to 100 votes per share and the Class "B" shares carry the right to 1 vote per share; in all other respects the Class "A" and "B" shares rank equally.

(b) Stock options are outstanding to officers and employees on 209,000 Class "B" shares at $2.60 per share, exercisable in varying annual amounts to October 1, 1979. The company has reserved an additional 6,000 shares for future options yet to be granted.

6. ADJUSTMENT OF PRIOR YEARS' EARNINGS

As a result of adjustments required to align the accounting policies of effectively controlled companies with those of the company, the opening balance of retained earnings at October 1, 1974 has been restated to record a net retroactive charge of $601,000 representing the amount necessary to write-off, for equity accounting purposes, deferred mineral exploration costs made by effectively controlled companies not relating to specific areas having indicated economically recoverable reserves. In 1974, an excess of $172,000 was written off on the previous basis which has now been adjusted by a credit to operations (equity in losses of effectively controlled companies) for that year and $773,000 is applicable to the years prior to October 1, 1973 and has been charged to retained earnings at that date.

7. DIRECTORS' AND SENIOR OFFICERS' REMUNERATION

The company has twelve directors and ten officers, seven of whom are also directors.

The aggregate remuneration paid or payable by the company during the year to its directors and officers amounted to $66,000 and $212,000 respectively. The amount paid by a subsidiary to directors and officers of the parent company amounted to $4,000 and $27,000 respectively.

Remuneration to the directors and senior officers (as defined by the Ontario and British Columbia Securities Acts) amounted to $334,000.

8. CONTINGENT LIABILITIES

(a) The company is contingently liable in the amount of $178,000 with respect to guarantee notes issued by a bank in connection with the company's share of oil exploration commitments.

(b) The company is contingently liable in the amount of $2,321,000 as guarantor of a bank loan to Brameda Resources Limited. Certain securities have been pledged with respect to this guarantee (note 2).

9. COMMITMENTS

(a) Royalty

The company's producing mining property operated as the Silverfields Division at Cobalt, Ontario, is held under a lease expiring on July 4, 1982, the terms of which provide for a 10% royalty with a minimum annual payment of $5,000.

(b) Niobec Inc.

The company has a 25% interest in Niobec Inc., a company currently placing a columbium property into production in Quebec. The company and another shareholder have each provided $1,800,000 of the total estimated capital cost of $18,400,000 with the balance of the financing, amounting to $14,800,000, provided by outside parties. The company is liable, together with another shareholder, to provide any additional funds which may be necessary to complete the project. The company will receive subordinated debentures for its share of the financing.

10. SUBSEQUENT EVENT

Afton Mines Ltd. (N.P.L.), in which the company has a 43% interest and Iso Mines Limited (49.8% owned by the company) has a 23% interest, has announced commencement of construction of a mine, mill and smelter operation having an estimated capital cost of $80,000,000. The company and Iso have arranged financing for Afton by way of a $75,000,000 term loan from a consortium of Canadian Banks and a $15,000,000 line of credit from the purchasers of the production. The company and Iso have jointly and severally provided a completion guarantee for the project. In addition, they have agreed to provide funds for repayment of the bank loan in the event that the cash flow of the Afton project is insufficient to meet scheduled repayments, up to a maximum of $25,000,000. There are provisions whereby the $25,000,000 commitment reduces as repayments of the bank loan are made.

The $15,000,000 line of credit from the customers may be drawn upon, if necessary, to satisfy the completion and deficiency guarantees. To the extent that this line of credit is utilized, the company's and Iso's obligations are reduced.

The company and Iso must provide initially a total of $10,000,000 of collateral to the banks and there is provision for additional collateral if more than $5,000,000 of the line of credit from the customers is utilized.

The company has agreed with Iso, for consideration, to provide the initial $10,000,000 of collateral and, in the event Iso is unable to do so, provide additional collateral and/or provide any required funds pursuant to the arrangments with the banks.

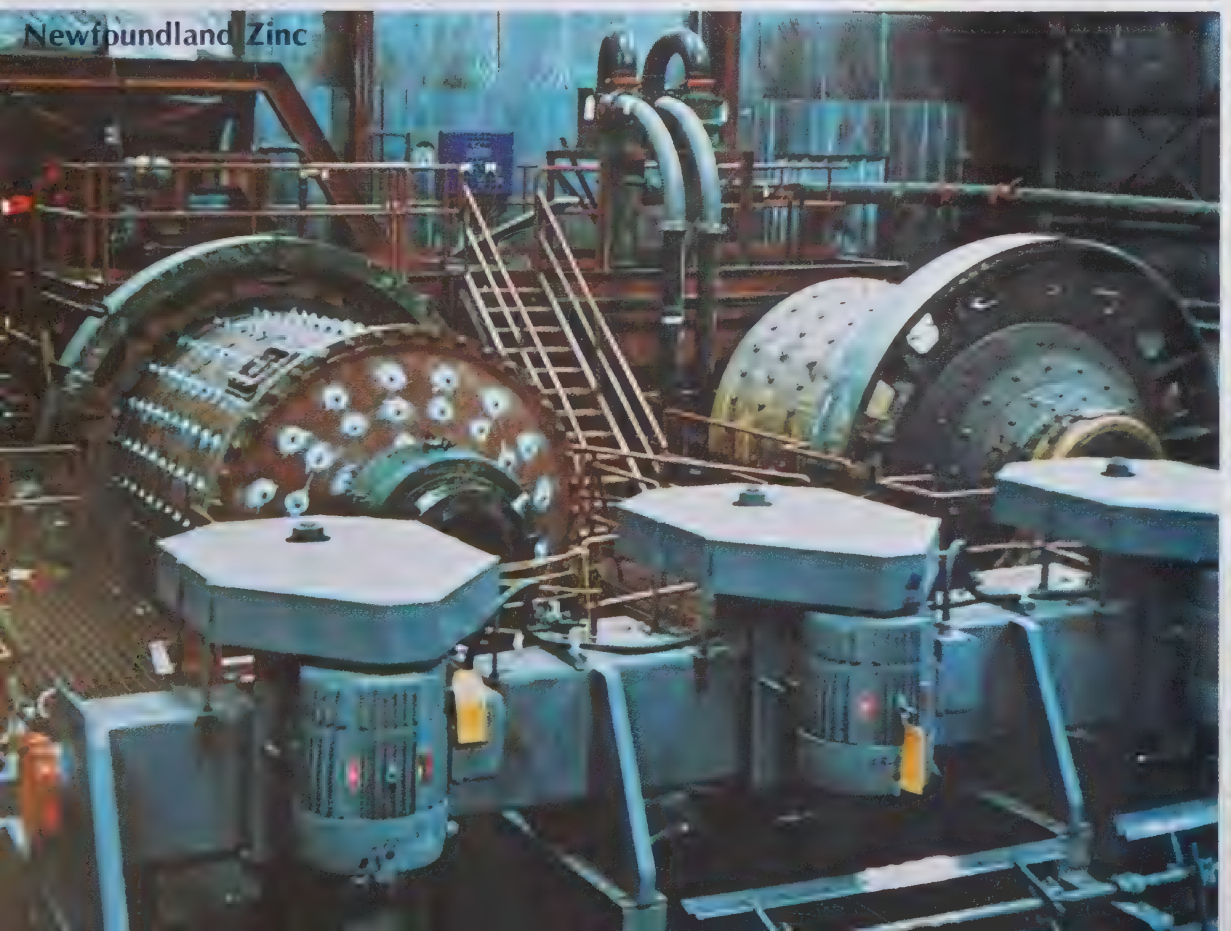
COMPARATIVE FIGURES ('000)

	Years Ended September 30,				
	1975	1974	1973	1972	1971
	$	$	$	$	$
Operating profit from petroleum operations	3,392	3,131	2,935	2,666	3,606
Operating profit from mining operations	3,955	4,180	2,837	1,606	433
Investment income	2,551	2,456	697	829	803
Technical services	164	74	—	—	—
Churchill Copper payment	—	—	—	5	155
	10,062	9,841	6,469	5,106	4,997
Less: Administrative and general expenses	1,045	939	738	640	637
Interest expense	1,419	1,070	724	608	408
	2,464	2,009	1,462	1,248	1,045
Operating profit before exploration and write-offs	7,598	7,832	5,007	3,858	3,952
Petroleum and mining exploration	1,776	1,333	995	1,387	1,063
	5,822	6,499	4,012	2,471	2,889
Depletion, depreciation and amortization	1,162	868	709	745	1,066
Petroleum and mineral properties written off	—	29	182	168	—
Minority interest	3	10	—	—	26
	1,165	907	891	913	1,092
	4,657	5,592	3,121	1,558	1,797
Income and Mining taxes					
Current	587	359	281	114	—
Deferred	1,760	527	(122)	(159)	(201)
	2,347	886	(159)	(45)	(201)
	2,310	4,706	2,962	1,603	1,998
Equity in losses of effectively controlled companies	56	40	292	—	—
Deferred income taxes resulting from equity accounting	(229)	464	804	—	—
	(173)	504	1,096	—	—
Net earnings for the year before extraordinary items	2,483	4,202	1,866	1,603	1,998
Extraordinary items					
Gain (loss) on disposal of investments and marketable securities	88	(19)	61	3,579	1,953
Equity in extraordinary losses of effectively controlled companies	(105)	(15	(1,927)	—	—
Other	62	(97)	879	(984)	(727)
	45	(131)	(987)	2,595	1,226
Net earnings for the year	2,528	4,071	879	4,198	3,224
Earnings per share					
Before extraordinary items	36¢	62¢	27¢	23¢	33¢
After extraordinary items	37¢	60¢	13¢	62¢	53¢

NOTE: During 1974 the company adopted the equity method of accounting for its interest in affiliated companies in which it has effective control and restated its 1973 figures to conform to this policy.


Lamaque


Silverfields


Newfoundland Zinc


Beaverdell


Oil and Gas

DIRECTORS

Rt. Hon. D.R. Michener, P.C., Q.C., Toronto, Counsel.
Sir Michael Butler, Bt., Q.C., Victoria, Assoc. Counsel, Randall, Meyer & Pollard.
R.E. Hallbauer, B.A.Sc., P.Eng., Vancouver, President, Brameda Resources Limited.
D.L. Hiebert, C.A., B.Comm., Vancouver, Vice President, Teck Corporation Limited.
G.L. Jennison, Toronto, Director, Canada Permanent Mortgage Corporation.
A.R. Keevil, M.A., P.Geol., Calgary, Vice President, Teck Corporation Limited.
N.B. Keevil, M.Sc., Ph.D., Vancouver, President, Copperfields Mining Corporation.
N.B. Keevil Jr., M.Sc., Ph.D., P.Eng., Vancouver, President Afton Mines Ltd.
J.D. Leishman, M.D., FRCS(c), Vancouver, Director, Mutual Life Assurance Company.
C.E. Michener, M.Sc., Ph.D., Toronto, Consulting Geologist.
J.H. Westell, Islington, Vice President, Teck Mining Group Limited.
R.J. Wright, Toronto, Partner, Lang, Michener, Cranston, Farquharson & Wright.

OFFICERS

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Norman B. Keevil, President
Norman B. Keevil Jr., Executive Vice President
Robert E. Hallbauer, Vice President
Alan R. Keevil, Vice President
James H. Westell, Vice President
Donald L. Hiebert, Vice President
G. Robert Shipley, Controller
William H. Maedel, Secretary
Norman B. Rudden, Treasurer
John D. Munroe, Assistant Secretary
Walter H. Bowles, Assistant Secretary

MINE MANAGERS

A.W. Foley, Lamaque Mining Company Limited, Val d'Or, Quebec
W.C. Summers, Silverfields Mining Division, Cobalt, Ontario
B.E. Goetting, Beaverdell Mining Division, Kelowna, British Columbia
Raymond Raby, Niobec Mine, St. Honoré, Quebec
A.K. Campbell, Newfoundland Zinc Mine, Daniel's Harbour, Newfoundland

EXECUTIVE OFFICE

1199 West Hastings Street, Vancouver, British Columbia V6E 2K5

EASTERN DIVISION

Suite 4900, Box 49, Toronto-Dominion Centre, Toronto, Ontario M5K 1E8

PETROLEUM DIVISION

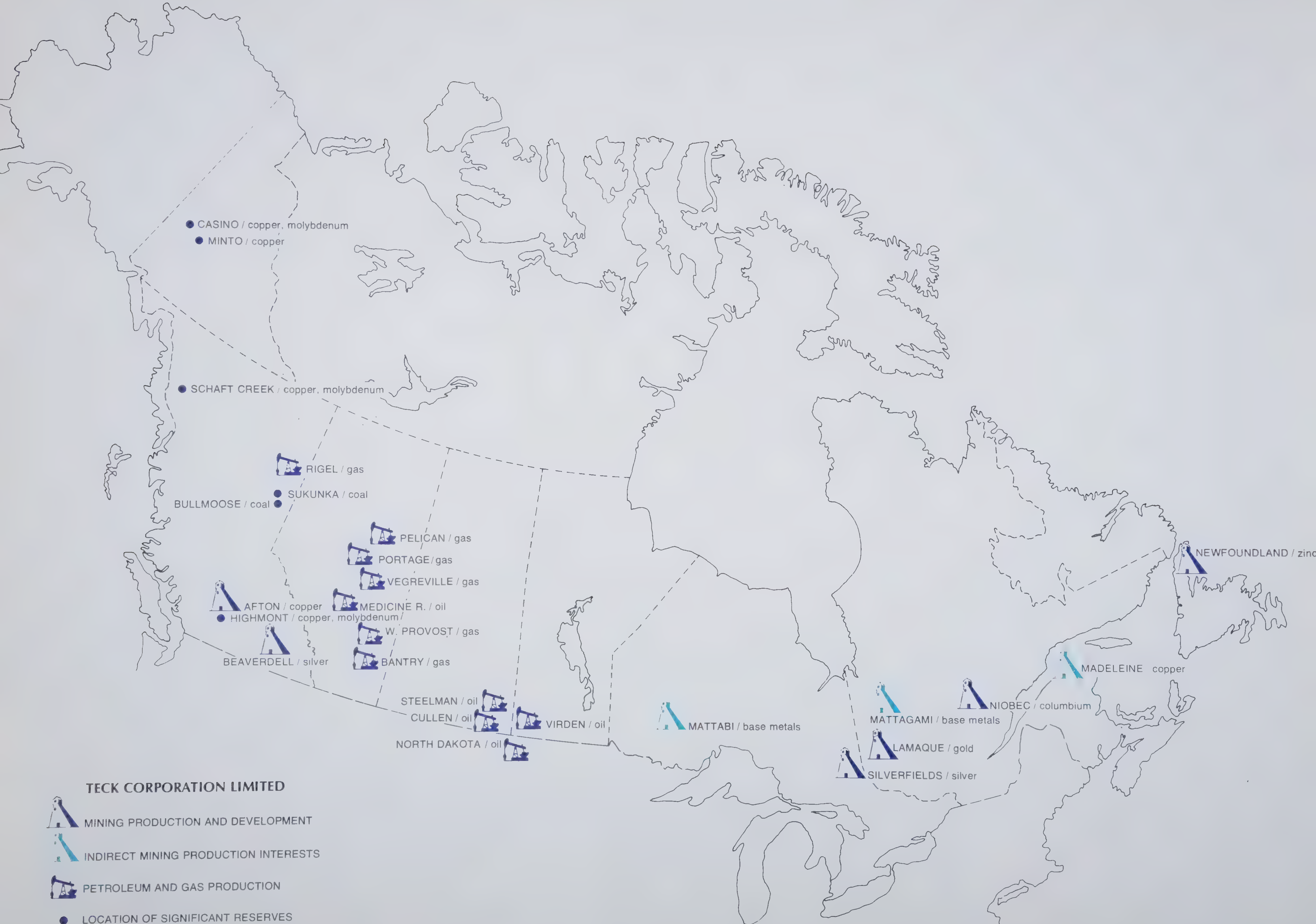
1530 Aquitaine Tower, 450 - 5th Avenue S.W., Calgary, Alberta T2P 0M2

TRANSFER AGENTS

Guaranty Trust Company of Canada, Toronto, Montreal, Winnipeg and Vancouver
National State Bank of Newark, Newark, New Jersey, U.S.A.

AUDITORS

Coopers & Lybrand, Vancouver, British Columbia


CASINO / copper, molybdenum
MINTO / copper
SCHAFT CREEK / copper, molybdenum
RIGEL / gas
SUKUNKA / coal
BULLMOOSE / coal
PELICAN / gas
PORTAGE / gas
VEGREVILLE / gas
AFTON / copper
MEDICINE R. / oil
HIGHMONT / copper, molybdenum
W. PROVOST / gas
BEAVERDELL / silver
BANTRY / gas
STEELMAN / oil
CULLEN / oil
VIRDEN / oil
NORTH DAKOTA / oil
MATTABI / base metals
MATTAGAMI / base metals
NIOBEC / columbium
MADELEINE copper
LAMAQUE / gold
SILVERFIELDS / silver
NEWFOUNDLAND / zinc
TECK CORPORATION LIMITED
MINING PRODUCTION AND DEVELOPMENT
INDIRECT MINING PRODUCTION INTERESTS
PETROLEUM AND GAS PRODUCTION
LOCATION OF SIGNIFICANT RESERVES

PRINTED IN VANCOUVER, CANADA

CONSOLIDATED STATEMENT OF CHANGES IN FINANCIAL POSITION

Unaudited and Subject to Year-End Adjustment
For the Six Months Ended March 31

	1975 $	1974 Restated $
SOURCE OF FUNDS		
Earnings after equity accounting and before extraordinary items	1,652,000	2,852,000
Add items not affecting working capital		
Depreciation, depletion and amortization	406,000	362,000
Minority interest	(10,000)	—
Equity in losses of effectively controlled companies	12,000	(21,000)
Deferred income taxes	729,000	693,000
Total from operations before extraordinary items	2,789,000	3,886,000
Extraordinary items affecting working capital		
Gain on sale of marketable securities	7,000	167,000
Proceeds on sale of investments	34,000	14,000
Other	44,000	—
	2,874,000	4,067,000
Term bank loan	6,944,000	—
Increase in minority interest	167,000	—
	9,985,000	4,067,000
USE OF FUNDS		
Term bank loan	400,000	—
Non producing petroleum properties	540,000	295,000
Plant and equipment	5,602,000	128,000
Producing petroleum properties	82,000	152,000
Mineral properties, rights and deferred costs	381,000	1,750,000
Investment in and advances to associated and other companies	4,117,000	822,000
Other	—	16,000
	11,122,000	3,163,000
Increase (decrease) in working capital	(1,137,000)	904,000
Working capital — beginning of year	4,368,000	67,000
Working capital — March 31	3,231,000	971,000

Signed on behalf of the Board

Director

Director

PRINTED IN CANADA

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TECK

Six Months Ended March 31, 1975

TECK CORPORATION LIMITED

1199 West Hastings Street, Vancouver, British Columbia V6E 2K5

TECK CORPORATION LIMITED

Net earnings for the first six months were down from last year's level because of lower petroleum revenue, lower mining profits, higher exploration costs and higher provision for mining and income taxes.

Construction on our new zinc mine in Newfoundland has proceeded on schedule, and it is anticipated that this will make its initial contribution to earnings during the last quarter of the current fiscal year.

Shaft sinking has been completed on the Niobec columbium project and underground development is getting underway. Mill construction is continuing on schedule and, barring unforeseen delays, the mine should be in production early in 1976.

The new Monogram Gas Unit at Bantry, Alberta went into production late in March. Current capacity is eight million cubic feet per day, of which Teck's share is 21%. Additional gas is being developed in the Athabasca and Vegreville areas of Alberta, in the Rigel and Cache Creek areas of British Columbia, and plans are to develop a second unit at Bantry next year.

One might anticipate that the phasing in of new operations such as these should enable us to resume our earnings growth next year. However, as long as costs continue to rise faster than revenue, and with recent tax changes (including, in some cases, royalties which bear no relationship at all to net income) it is unrealistic to forecast improved contributions from existing operations.

Production in the first six months included 543,886 barrels of oil, 335,950 mcf of natural gas, and 28,120 ounces of gold. Silverfields produced 577,818 ounces and Beaverdell 130,460 ounces of silver. Since March 1st Silverfields' flotation concentrate, representing approximately half its output, has been stockpiled because of difficulties in marketing the concentrate. This inventory is being valued at cost pending new arrangements.

It is interesting to note that Beaverdell operated at a loss of $57,000 during the second quarter, but it nevertheless incurred a tax liability of $25,000 under the current British Columbia royalty and mineral land tax situation.

Provincial royalties payable on oil and gas production amounted to $1,800,000 during the half year. It is estimated that the Federal Government collected an additional $2,000,000 as a result of its Export Tax. Since Ottawa has refused to recognize the Provincial royalties as a cost, the producer is subject to Federal Income Tax on the amount paid by the company to the Provinces. *It is called "income", but it sure doesn't feel like it! Under the current situation, an increase of $1.00 per barrel in the price of Saskatchewan oil would cost the company $1.10 in royalties and taxes.*

The Canadian price of oil was increased in the Spring of 1974, *ostensibly to encourage exploration in the interest of increased supply.* Unfortunately, as was pointed out at the recent First Ministers' Conference, more than 95% of the increased revenue was skimmed off by various Governments. *"Too many hands reached into the pot", and 95% of the increase was wasted — at least with respect to the purpose for which it was intended.*

It cannot be stressed too often that the continuing debacle in resource taxation has sapped the industry of much of its vigour. This must change, for mining and petroleum are too important to Canada's economy to be permitted to atrophy.

On behalf of the Board,

N. B. Keevil,
President

14th May 1975

CONSOLIDATED COMPARATIVE EARNINGS

Unaudited and Subject to Year-End Adjustment
For the Six Months Ended March 31

	1975	1974 Restated
	$	$
Operating profits		
Petroleum	1,494,000	1,686,000
Mining	1,841,000	2,526,000
Investment and other income	1,727,000	1,155,000
Technical services	193,000	—
	5,255,000	5,367,000
Administrative and general expenses	752,000	469,000
Interest expense	585,000	480,000
Petroleum and mining exploration	1,121,000	532,000
	2,458,000	1,481,000
Operating profit before the following	2,797,000	3,886,000
Depreciation, depletion and amortization	406,000	362,000
Minority interest	(10,000)	—
	396,000	362,000
	2,401,000	3,524,000
Income taxes — current	8,000	—
— deferred	729,000	369,000
NET EARNINGS BEFORE EQUITY ACCOUNTING AND EXTRAORDINARY ITEMS	1,664,000	3,155,000
Equity in losses of effectively controlled companies	12,000	(21,000)
Deferred income taxes resulting from equity accounting	—	324,000
	12,000	303,000
NET EARNINGS BEFORE EXTRAORDINARY ITEMS	1,652,000	2,852,000
Extraordinary items		
Profit (loss) on sale of investments	19,000	(180,000)
Profit on sale of marketable securities	7,000	167,000
Equity in extraordinary gains of effectively controlled companies	367,000	—
Other	29,000	(16,000)
	422,000	(29,000)
NET EARNINGS	2,074,000	2,823,000
EARNINGS PER SHARE		
Before equity accounting and extraordinary items	24.4¢	46.3¢
Before extraordinary items	24.2¢	41.8¢
After extraordinary items	30.4¢	41.4¢